



AMERICAN SAVINGS ACT



CREATING A MORE SECURE RETIREMENT FUTURE



**RETIREMENT IN AMERICA
IS CHANGING.**



As recently as a few decades ago, workers usually worked for one company their whole career.

That company job came with a pension that, along with the promise of Social Security, assured workers of a secure retirement in their golden years.

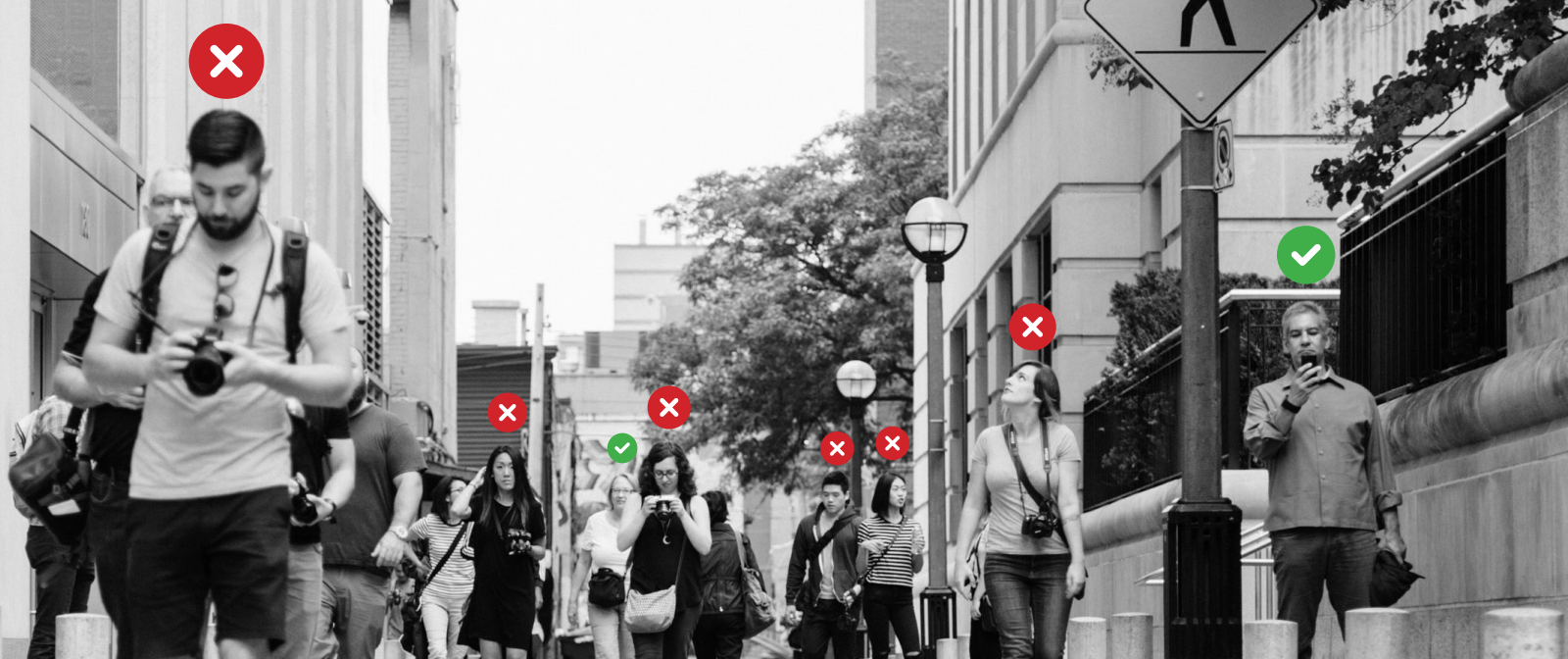
But that's no longer the case for most workers.

In fact: the average worker will work at least 10 different jobs during their lifetime.



Today, people don't stay at one job their whole lives, or often even work one job at a time, and fewer and fewer have an employer-sponsored pension plan.

That means retirement savings and Social Security need to make up the difference. But for many workers, retirement plans are out of reach and Social Security isn't sufficient, leaving many Americans facing retirement in poverty.



THE PROBLEM

Currently, 68 million Americans work for an employer that does not sponsor a retirement plan and nearly one-third of all working-age Americans report having no retirement savings.

The Schwartz Center for Economic Policy Analysis currently estimates that 55 percent of households near retirement age (55–64 years old) will, upon retirement, have only Social Security income and will not be able to retire due to inadequate savings.

Department of Labor: <http://www.dol.gov/ebsa/pdf/fsstatesavingsprogramsforongovernmentemployees.pdf>

Federal Reserve: <http://www.federalreserve.gov/econresdata/2014-report-economic-well-being-us-households-201505.pdf>

SCEPA: http://www.economicpolicyresearch.org/images/docs/research/retirement_security/Are_US_Workers_Ready_for_Retirement.pdf



AMERICAN SAVINGS ACT

The American Savings Act would fix this.

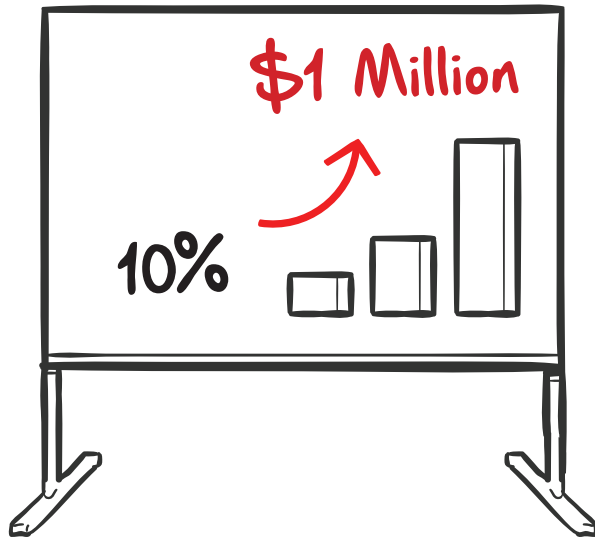
The American Savings Act would establish a new universal savings account plan – the American Savings Account – giving all working Americans who don't have an employer-sponsored plan access to the same types of retirement savings investments that are already available to federal employees.

How does the math work?

If someone making a median income saves 3% over 40 years, they would have saved about \$300K in their **American Savings Account** by the time they reach age 65.

If the same person saves 10% over 40 years, they would have saved about \$1 million.

*assuming average rates of return: about \$300K at 3%, and about \$1 million at 10% for 40 years



HOW WOULD IT WORK?

If your employer doesn't already offer a retirement plan, you'll automatically be given your own American Savings Account (ASA). Initially, your employer will put 3% of your earnings into your account with each paycheck, but you can choose to contribute as little as 2% or as much as \$18,000 per year, or to opt out entirely.

ASAs are simple for employers, who simply need to send employees' ASA savings to the federal government alongside employee tax withholdings. Workers will control their own accounts directly through a website, making ASAs a no-hassle, high-quality option for small businesses.



American Savings Act:

- 
- ✓ Universal
 - ✓ Portable
 - ✓ Simple
 - ✓ Personal

HOW IT HELPS

- Universal:** It doesn't matter whether you work part-time or full-time, how many employers you have, whether you work as a contractor, whether you work for a tiny company or a huge corporation: everyone can get a retirement account.
- Portable:** You have one ASA for life. It will follow you when you change jobs or move with no extra steps or paperwork.
- Simple:** Small businesses can offer retirement accounts without hassle or added cost.
- Personal:** You get to decide how much to put in the accounts and choose among a number of straightforward investment options, to make sure your ASA is right for you.



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2009

Timothy F. Geithner
Secretary of the Treasury

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ONE DOLLAR

SECRETARY OF THE TREASURY

A SECURE FINANCIAL FUTURE

The pensions and one-company careers of past decades aren't coming back. But we can build our retirement system to succeed in a 21st century economy.

By creating American Savings Accounts and improving Social Security benefits, we can give all Americans access to a simple, cost-effective and portable retirement savings plan, and give hardworking Americans a little more security in their financial future.

LEARN MORE:

**WATCH THE AMERICAN SAVINGS
ACT VIDEO ON SENATOR MERKLEY'S
WEBSITE:**

MERKLEY.SENATE.GOV/RETIREMENT

